



CALAN News

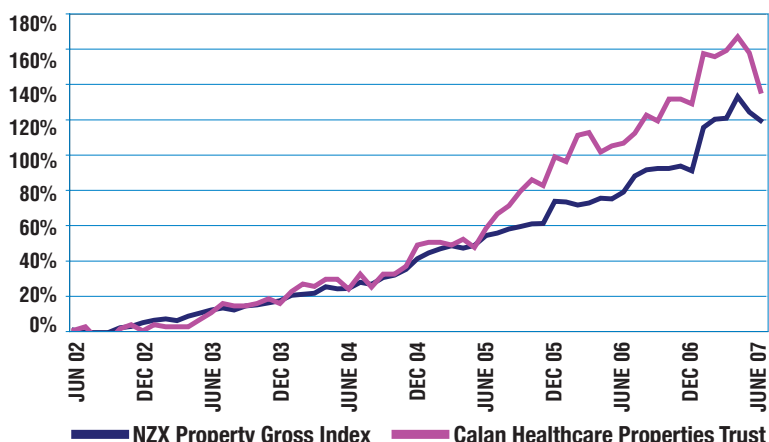
Calan Healthcare
Properties Trust

The Newsletter of Calan Healthcare Properties Trust

July 2007

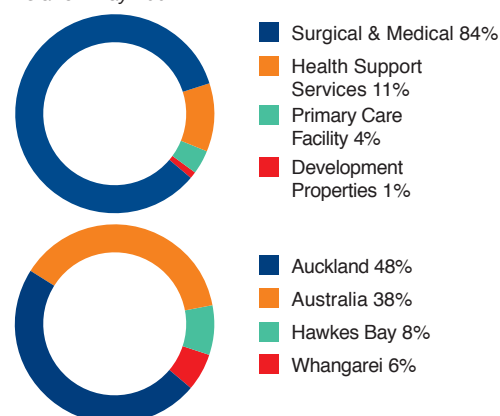
At a glance

Cumulative return



Sector/geographic spreads

As at 31 May 2007



Ascot Central development update

Construction of the five-level Ascot Central development, adjacent to Ascot Hospital is now well underway. On completion, Ascot Central and Ascot Hospital will be one of the largest private medical campuses in New Zealand.

Hawkins Construction, the contractors for the development, have completed the basement car park, building structure and framing up to level four. The next major stage of the development will be the installation of core services. The project remains on target for practical completion in the first quarter of 2008.

With carbon footprinting a real concern for business today, Green Star NZ initiatives have been incorporated into

the design of the development. Green Star NZ is New Zealand's first comprehensive environmental rating system for buildings. It is used to assess the environmental impact of offices, evaluating building projects against eight environmental impact categories, taking into account any innovations made.

The New Zealand Green Building Council will start accepting registrations shortly and we will be lodging an application for a Green Star rating for Ascot Central.

There continues to be a strong level of interest in Ascot Central and we are working with a number of potential tenants to determine and/or finalise their exact space requirements.

Portfolio activity to 31 May 2007

Portfolio statistics

Portfolio value	\$225.4m
Number of properties	14
Average value	\$16.1m
Number of tenants	87
Vacancy factor	0.6%
Weighted average lease term (years)	10 yrs

Annualised returns to 31 May 2007

	1yr	Since June 2002 (pa)
CHPT	14.27%	18.68%
Benchmark	22.74%	16.95%

Acquisitions:

Thames Street, Melbourne
Ascot Central, Auckland
(settlement 2008)

Renewals completed:

7, equating to 271 sqm, securing \$117,000 of rental.

Rent reviews:

61, resulting in an additional rental income of \$398,000 per annum

Financial calendar:

The Trust operates to a 30 June financial year.

Financial result – late August

Annual report – late September

Dividend – early September

Annual meeting – mid November



PIE is positive for investor returns

The passing of new taxation legislation has significant benefits for Calan Healthcare Properties Trust (CHPT) unitholders. In particular, it introduces a new tax regime aimed at collective investments defined as a Portfolio Investment Entities, or PIE. This legislation alters the way in which the Trust's distributions are taxed, providing a considerable increase in after-tax returns for many New Zealand resident investors.

CHPT will formally elect to become a PIE in July, in anticipation of the legislation

coming into effect on 1 October 2007.

Under the PIE regime, investors in the Trust will get the same benefits currently given to private investors. This means that tax allowances, such as depreciation, and any tax free capital gains obtained by CHPT, will effectively be passed on to investors. The result of this is that most investors will be taxed on the Trust's taxable income, rather than on all income distributed as currently occurs. Each investor's personal tax circumstances and the Trust's effective

tax rate will determine the extent of the benefit for CHPT investors. Most investors will see an increase in the after-tax distribution, even though there will be no effect on the Trust's gross distribution.

As it is not required for non-resident withholding tax (NRWT) to be deducted for excluded dividends (the trust's non taxable income), most offshore investors will see a decrease in the amount of tax paid in New Zealand. Further tax, payable in the country of residence, will generally apply depending on individual tax circumstances.

To illustrate how the tax changes will affect your net distribution, the adjacent table shows the amount of cash (on an after-tax basis) that you would receive under the current rules and under the PIE rules. The example is based on an assumed distribution of 9.5 cents per unit, made up of 8.0 cents per unit of cash and 1.5 cents per unit of imputation credits.

Net income to investors (cents per unit)

	NZ marginal tax rate				Non-resident
	39.0%	33.0%	19.5%	0.0%	15%
Current	5.80	6.37	7.65	8.00	7.25
PIE	8.00	8.00	8.61	8.00	8.00
% change	+38%	+26%	+13%	+0%	+10%

Notes

- 1 Always verify your personal tax position with an independent tax adviser
- 2 Further tax may be payable in the non-resident's tax jurisdiction.
3. For investors on the 19.5% marginal tax rate, the PIE return is effectively 8.61. The additional 0.61 is excess imputation credits which may be used to offset the tax liability on other income.

The new regime takes effect on 1 October 2007 and will apply to distributions paid after that date.

Calan merger discussions end

The below announcement was released by the chairman of Calan Healthcare Properties Limited, Mr Bruce Davidson, on 5 June 2007.

The Board of Calan Healthcare Properties Limited wish to advise that the merger discussions with the Board of the manager of ING Property Trust (ING) have ended. The respective Boards were unable to agree on a scrip for scrip exchange ratio that each could recommend to the unitholders of their respective trusts.

The discussions had taken place over several months and an independent appraiser was commissioned to comment on a proposed exchange ratio. From the outset, the Calan independent directors made it clear that this ratio was a minimum level.

Following the appointment, a draft appraisal report was received by both boards on 16 May 2007. The appraisers draft report made a preliminary finding that the particular exchange ratio was fair.

After reviewing the report, and taking advice, the independent directors of Calan concluded that the ratio was not one able to be recommended to unitholders, as they did not believe unitholders would support the ratio. The draft report focused only on the financial metrics and made no allowance for intangibles, including the specialist nature of the healthcare properties, the long weighted average lease term and the strength of the tenants in the Calan portfolio. The Calan independent directors have consistently said they would not recommend the merger to proceed unless there were significant benefits for Calan unitholders. The draft report showed, at best, marginal gains to Calan unitholders.

In these circumstances, the independent directors were not prepared to recommend that the merger proceed at the proposed exchange ratio. The ING board were not prepared to consider an increase. Accordingly, discussions on the merger have ended.

The Calan Board and management team are presently completing a new strategic plan for Calan as a continuing specialist healthcare trust. This will see a continuing focus on low risk/medium return investments, whilst adding value on behalf of unitholders.

Sale of Ascot Radiology Ltd interest

Calan Healthcare Properties Trust (CHPT), through its asset owning company CHPT No.1 Limited, advised on 27 June that it had divested its 20% equity interest in Ascot Radiology Limited (pursuant to a 2004 option agreement).

The option was activated by Abano Healthcare Group for \$1,285,000, producing a gain on sale of \$86,008.

Note to unitholders

To avoid any possible confusion, we would like to advise unitholders that the Chairman of Calan Healthcare Properties Limited, Bruce Charles Davidson, is not the Bruce Davidson who is the Chairman of Bridgecorp.

If you are a unitholder in the Trust and have an enquiry relating to your investment holding, your personal details, distributions etc., please contact:

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Private Bag 92119, Auckland 1020,
Telephone: 09 488 8777,
Fax: 09 488 8787**